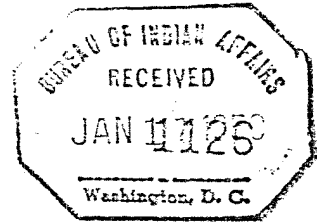


UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF INDIAN AFFAIRS

ML #1



MINING LEASE—TRIBAL INDIAN LANDS
(FOR MINERALS OTHER THAN OIL AND GAS)

Navajo Tribe, State of Arizona

THIS INDENTURE OF LEASE, made and entered into in quintuplicate this 20 day
of December, 1940, by and between
Walter O. Olson, Acting General Superintendent

of Window Rock, State of Arizona

for and on behalf of the Navajo Tribe of Indians, designated

herein as lessor, and Dan Phillips

of Flagstaff, State of Arizona

herein designated as lessee:

WITNESSETH

1. That the lessor, for and in consideration of \$1, receipt whereof is hereby acknowledged, and of the royalties, covenants, stipulations, and conditions hereinafter contained and hereby agreed to be paid and observed by the lessee, doth hereby demise, grant, and lease unto the said lessee, the following-described tract of land lying and being within

the Navajo Reservation, County of Apache

and State of Arizona, to wit:

(See Land Description Attached)

of section _____, township _____, range _____, meridian,

and containing 640 acres, more or less, for the full term of 10 years from the date of approval hereof,

for the sole purpose of prospecting for and mining minerals, as follows: Vanadium - Uranium,

and/or other minerals

the lessee to occupy so much only of the surface of said land as may be reasonably necessary to carry on the work of prospecting for, mining, milling, storing, and removing such minerals.

2. The term "Superintendent" as used herein shall refer to the superintendent or other official in charge of the Indian Agency having jurisdiction over the lands leased.

3. In consideration of the foregoing, the lessee hereby agrees:

(a) ROYALTY.—To pay, or cause to be paid, to the Superintendent, for the use and benefit of the lessor, or to the Treasurer of said Tribe where the tribe is organized under the act of June 18, 1934 (48 Stat. 984), as royalties, the sums of money as follows, to-wit:*

~~See attached rider~~

All royalties accruing for any month shall be due and payable on or before the 25th day of the month succeeding.

(b) ANNUAL RENTAL.—To pay, or cause to be paid, to the Superintendent for the use and benefit of the lessor, or to the Treasurer of said Tribe where the tribe is organized under the act of June 18, 1934 (48 Stat. 984), in advance beginning with the date of approval of the lease, as annual rental, the following: 25 cents per acre for the first calendar year or fraction thereof, 50 cents per acre per annum for the second and third years, and \$1 per acre per annum in advance for each and every calendar year thereafter during the continuance of the lease; it being understood and agreed that said sum so paid shall be a credit on the royalties accruing during the year for which the payment of annual rental is made, and that said annual rental when paid shall not be refunded to the lessee because of any subsequent surrender or cancellation hereof.

(c) DILIGENCE, PREVENTION OF WASTE.—To exercise diligence in the conduct of prospecting and mining operations; to carry on development and operations in a workmanlike manner and to the fullest possible extent; to commit no waste on the said land and to suffer none to be committed upon the portion in his occupancy or use; to comply with all the requirements of the laws of the State in which the land is located; to take appropriate steps for the preservation of the property and the health and safety of workmen; promptly to surrender and return the premises upon the termination of this lease to whomsoever shall be lawfully entitled thereto, in as good condition as received, excepting for the ordinary wear and tear and unavoidable accidents in their proper use; not to remove therefrom any buildings or permanent improvements erected thereon during the said term by the said lessee, but said buildings and improvements shall remain a part of said land and become the property of lessor, excepting the office fixtures and records, personal property, tools, pumping and drilling outfits, boilers, engines, and mining machinery, which shall remain the property of the lessee and may be removed at any time prior to 60 days after the termination of the lease by forfeiture or otherwise, provided the payments agreed upon by this lease have been made and the lease terms and regulations applicable thereto have been fully complied with, but not otherwise; not to permit any nuisance to be maintained on the premises under lessee's control, nor allow any intoxicating liquors to be sold or given away for any purpose on such premises; and not to use such premises for any other purposes than those authorized in this lease.

(d) DEVELOPMENT.—The land described herein shall not be held by the lessee for speculative purposes, but in good faith for mining the minerals specified; and the failure by the lessee in the diligent development and continued operation of the mine or mines, except when operations may be interrupted by strikes, the elements, or casualties not attributable to the lessee, shall be held as a want of compliance with the purposes of this lease and shall render it subject to cancellation: *Provided*, That whenever the Secretary of the Interior shall consider the marketing facilities inadequate or the economic conditions unsatisfactory, he may authorize the suspension of operations for such time as he may deem advisable, but such action will not release the lessee from the payment of the advance annual rental.

(e) MONTHLY STATEMENTS.—To keep an accurate account of all mining operations, showing the sales, prices, dates, purchasers, and the whole amount of minerals mined, the amount removed, and the gross receipts derived therefrom, and to furnish the Superintendent or the Treasurer of said Tribe if payments are made to him, sworn

* Here insert the royalties agreed upon in accordance with applicable regulations.

monthly reports thereon not later than the 25th of the succeeding month; and all sums due as royalty and advance rental shall be a lien on all implements, tools, movable machinery, and all other personal chattels used in operation upon said property, and upon all of the unsold minerals obtained from the land herein leased, as security for payment of said sums. An audit of the lessee's accounts and books shall be made annually or at such times as may be directed by the Superintendent by certified public accountants approved by the Secretary of the Interior and at the expense of the lessee. The lessee shall furnish free of cost a copy of such audits to the Secretary of the Interior through the Superintendent within 30 days after the completion of each auditing.

(f) REGULATIONS.—To abide by and conform to any and all regulations of the Secretary of the Interior now or hereafter in force relative to such leases: *Provided*, That no regulations hereafter approved shall effect a change in rate of royalty, the annual rental herein specified, or the term of this lease, without the written consent of the parties to this lease.

(g) ASSIGNMENT OF LEASE.—Not to assign this lease or any interest therein by an operating agreement or otherwise nor to sublet any portion of the leased premises, except with the approval of the Secretary of the Interior. If this lease is divided by the assignment of an entire interest in any part of it, each part shall be considered a separate lease under all the terms and conditions of the original lease.

(h) BOND.—To furnish such bond as may be required by the regulations of the Secretary of the Interior conditioned upon compliance with the terms of this lease.

4. MILLING.—All ores or minerals mined on said land shall be cleaned and prepared for market thereon, and no ore or crushed material shall be removed therefrom to be cleaned or prepared for market without the written consent of the Secretary of the Interior.

5. INSPECTION.—The leased premises and producing operations, improvements, machinery, and fixtures thereon and connected therewith and all books and accounts of the lessee shall be open at all times for inspection by agents of the lessor or any duly authorized representative of the Secretary of the Interior.

6. DISPOSITION OF SURFACE.—The lessor expressly reserves the right to lease, sell, or otherwise dispose of the surface of the lands embraced within this lease under existing law or laws hereafter enacted, such disposition to be subject at all times to the right of the lessee herein to the use of so much of said surface as is necessary in the extraction and removal of the minerals from the land herein described in accordance with this lease.

7. SURRENDER AND TERMINATION.—The lessee shall have the right at any time during the term hereof to surrender and terminate this lease or any part thereof upon the payment of all rentals, royalties, and other obligations due and payable to the lessor, and the further sum of \$1, upon a showing satisfactory to the Secretary of the Interior that full provision has been made for the conservation and protection of the property, the lease to continue in full force and effect as to the lands not so surrendered. If this lease has been recorded lessee shall file a recorded release with his application to the Superintendent for termination of this lease.

8. CANCELTION AND FORFEITURE.—When, in the opinion of the Secretary of the Interior, there has been a violation of any of the terms and conditions of this lease before restrictions are removed, the Secretary of the Interior shall have the right at any time after 30 days' notice to the lessee, specifying the terms and conditions violated, and after a hearing, if the lessee shall so request within 30 days of receipt of notice, to declare this lease null and void, and the lessor shall then be entitled and authorized to take immediate possession of the land.

9. HEIRS AND SUCCESSORS IN INTEREST.—It is further covenanted and agreed that each obligation hereunder shall extend to and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors of, or assigns of the respective parties hereto.

10. GOVERNMENT EMPLOYEES CANNOT ACQUIRE LEASE.—No lease, assignment thereof, or interest therein will be approved to any employee or employees of the United States Government whether connected with the Indian Service or otherwise, and no employee of the Interior Department shall be permitted to acquire any interest in such leases by ownership of stock in corporations having leases or in any other manner.

IN WITNESS WHEREOF, the said parties have hereunto subscribed their names and affixed their seals on the day and year first above mentioned.

Two witnesses to execution by lessor:

M. D. Long

P. O. Window Rock, Ariz.

Gertrude F. Shields

P. O. Window Rock, Ariz.

Walter O. Olson [SEAL]
Walter O. Olson

Acting, General Superintendent

[SEAL]

Two witnesses to execution by lessee:

Daniel S. Hayes

P. O. Monticello Utah

Virginia Cash

P. O. Adobe Creek, Cal.

Dan Phillips [SEAL]
Dan Phillips

Attest: _____

ACKNOWLEDGMENT OF LESSOR

STATE OF ~~Arizona~~ New Mexico ss:
COUNTY OF ~~Maricopa~~ McKinley

Before me, a notary public, on this 10 day of December January, 1950,
personally appeared Walter O. Olson

_____, to me known to be the identical person, who
executed the within and foregoing lease, and acknowledged to me that he executed the same in
his official capacity y as Acting, General Superintendent

_____, free and voluntary act and deed for the uses and purposes therein set forth.

My commission expires 7/22/51
Woodward H. Meyer
Notary Public.

UNITED STATES DEPARTMENT OF THE INTERIOR

Washington, D. C., _____, 19____

The within lease is hereby _____ approved.

DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS

WASHINGTON 25, D. C., 19____

Filed for record this _____ day of _____

at _____ o'clock _____ m.

APPROVED: MAN 23 1950

Rental received, \$ 100.00

Sgd. H. M. Critchfield:
Acting Commissioner of Indian Affairs

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